

Message Text

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17

ACTION NEA-09

INFO OCT-01 EA-10 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-05

SP-02 SS-15 STR-04 TRSE-00 FRB-01 FEA-01 PA-02 PRS-01

USIA-15 /115 W

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R 030555Z MAR 75 ZFG
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC 2646
INFO AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBSSY KUWAIT
AMEMBASSY TEHRAN
AMEMBASSY TOKYO

UNCLAS ABU DHABI 0473

E.O. 11652: N/A

TAGS: ENRG, BTIO, TC

SUBJ: UAE EXPORT REFINERY

REF: ABU DHABI 793, 6/24/74

SUMMARY: ABU DHABI NATIONAL OIL COMPANY (ADNOC) IS PROCEEDING WITH PLANS FOR CONSTRUCTION OF EXPORT REFINERY. ESTIMATED CAPACITY WILL BE ABOUT 230,000 BPD, AND TENTATIVE SITE IS NEAR PRESENT CRUDE TERMINAL AT JEBAL DHANNA. ADNOC HAS DECIDED REFINERY TO BE ORIENTED TO JAPANESE MARKET, BUT COMPANY IS SEEKING PARTNERS FROM OIL OPERATORS OF ALL COUNTRIES. LATER STAGES THIS PROJECT WILL PROVIDE MAJOR OPPORTUNITIES FOR U.S. ENGINEERING AND CONSTRUCTION FIRMS. END SUMMARY.

1. ARTHUR D. LITTLE, CONSULTANT FOR ADNOC, HAS COMPLETED ITS STUDY OF POSSIBILITIES OF BUILDING EXPORT REFINERY IN UNCLASSIFIED

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ABU DHABI. ACTING ON CONSULTANT'S RECOMMENDATION, ADNOC

IS SOLICITING POTENTIAL PARTNERS (PRESUMABLY 49 PERCENT OWNERS)
IN 230,000 BPD REFINERY FROM NUMBER OF INTERNATIONAL FIRMS.

2. REFINERY INTENDED TO PRODUCE NAPHTHA, KEROSENE, GAS OIL
AND FUEL OIL, WHICH WILL BE MARKETED MOSTLY IN JAPAN.
CONSULTANT RECOMMENDED SEVERAL POSSIBLE MARKETING OPTIONS
TO ADNOC, BUT COMPANY DETERMINED THAT JAPANESE MARKET
ECONOMICALLY MOST FAVORABLE OUTLET. HOWEVER, ONE POSSIBLE
PROBLEM IS NEED FOR LARGE TANKERS TO SHIP REFINERY
PRODUCTS BEFORE PROJECT BECOMES PROFITABLE. ACCORDING TO
ONE SOURCE WITHIN ADNOC, THE REFINERY WILL ONLY BE
COMPETITIVE IF ITS PRODUCTS CAN BE SHIPPED IN VLPC'S OF
ABOUT 250,000 TONS, FAR LARGER THAN ANY PRESENT PRODUCT
CARRIER.

3. ANOTHER PROBLEM IS LOCATION OF REFINERY. ADNOC HAS
BEEN REQUESTED TO DRAW UP OVERALL PLAN FOR INDUSTRIAL
FACILITIES AT JEBEL DHANNA, INCLUDING EXPORT REFINERY, A

STEEL MILL, AND PETRO-CHEMICAL INSTALLATIONS, ALL
TO BE OPERATING BY 1980. HOWEVER, EXACT SITE OF REFINERY
WILL DEPEND ON POSSIBILITIES OF ACCOMODATING LARGE VESSELS
AND ON PRECISE MIX OF OFFSHORE AND ONSHORE CRUDE TO BE FED
REFINERY. IF INSTALLATIONS REQUIRE LARGE AMOUNTS OF HIGH-
SULPHUR OFFSHORE CRUDE TO MIX WITH LOW-SULPHUR ONSHORE,
THEN ADNOC MAY FIND IT MORE ECONOMICAL TO BUILD REFINERY ON
GULF ISLAND.

4. ADNOC OFFICIAL SAID THAT DESPITE PRIMARILY JAPANESE
MARKET FOR PRODUCTS, COMPANY HAS NOT LIMITED ITSELF TO

JAPANESE IN SEARCH FOR PARTNERS. PARTNERS SHOULD, OF
COURSE, BE FINANCIALLY STRONG AND CAPABLE OF MARKETING
PRODUCTS IN JAPAN. ALTHOUGH ADNOC HAS SO FAR SOUGHT
POTENTIAL PARTNERS AMONG MAJOR FIRMS, IT WOULD BE WILLING
TO RECEIVE (VIA TELEX 2215 AH) EXPRESSIONS OF INTEREST
FROM SMALLER COMPANIES.

5. ALTHOUGH JAPANESE WILL PROBABLY BE IN PREFERRED POSITION
FOR PARTNERSHIP, AT LATER STAGES THIS PROJECT WILL PROVIDE
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EXCELLENT OPPORTUNITIES FOR U.S. ENGINEERING AND CONSTRUCTION
FIRMS AND LATER FOR SUB-CONTRACTORS AND SUPPLIERS. EMBASSY
WILL CONTINUE FOLLOW PROGRESS THIS PROJECT AND WILL REPORT
DEVELOPMENTS LEADING TO MAJOR
BUSINESS OPPORTUNITIES FOR U.S. COMPANIES.
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